

**Extreme Design & Associates Sdn Bhd v Ministry of Domestic
Trade and Consumer Affairs (Kluang Branch)**

A

HIGH COURT (MUAR) — CRIMINAL APPEAL NO JB-42H-25-08 OF
2019
AWANG ARMADAJAYA JC
15 FEBRUARY 2021

B

*Copyright Law — Forfeiture — Rebuttable presumption — Whether sessions
court judge was correct in ordering forfeiture of computers where infringed copies
were found — Copyright Act 1987 s 41(1)(d) and 41(1)(i)*

C

On 7 August 2018, a team of officers from the Domestic Trade and Consumer
Affairs Ministry led by an officer with a representative of the complainant's
company went to the appellant's premise for a raid. The complainant's
representative examined the computers after permission was granted by the
raiding party. Three sets of computers were examined and the complainant's
representative prepared the initial report. These were done under the
observations of the appellant's staff. The computers were not using the original,
licensed copy of the software and hence the complaints of infringement of
copyright. All the computer was marked and seized by the raiding party. A
police report was lodged at Sri Lalang Police Station. Then, the computers were
taken for analysis and it was found that the five computers had the infringed
softwares on them as tabulated above. The appellant through its managing
director, pleaded guilty and the three computers were marked as P14A, P14B
and P14C respectively. The learned sessions court judge convicted the
appellant under s 41(1)(d) of the Copyrights Act 1987 and fined the appellant
RM4,000 for every infringed copy and ordered for the forfeiture of the
computers ('P14A, P14B, P14C') to the Government of Malaysia. Hence, this
appeal was brought to this court on the issue: whether the learned sessions
court judge was correct in ordering the forfeiture of the computers ('P14A,
P14B and P14C') where the infringed copies were found.

D

E

F

G

Held, dismissing this appeal and affirming the convictions and fines imposed
by the sessions court:

H

- (1) Before a presumption was triggered, there were conditions to be fulfilled,
failing which a presumption may not be invoked. First, it was a rebuttable
presumption but the burden of proving that the accused acted in good
faith and had no reasonable grounds for supposing that copyright or
performers' right would or might thereby be infringed. Secondly, the
burden was on defence to show that the accused had acted in good faith
and had no reasonable grounds for supposing that copyright or

I

- A performers' right would or might thereby be infringed. Thirdly, the burden may only be discharged on the balance of probabilities (see paras 15, 20 & 22–23).
- B (2) Although s 41(4) of the Copyright Act 1987 was a 'deeming clause', the law provides that it was rebuttable and this was seen from the phrase 'unless he proves that the offence was committed without his consent or connivance and that he exercised all due diligence to prevent the commission of the offence'. It must be remembered that the 'deeming clause' did not appear in thin air. The underlying premise was that,
- C there were basic facts which must be proved by evidence beyond reasonable doubt. Once the primary facts had been proved, the 'brain' behind the company was the 'puppet master' that moved the company in the direction that it did, including any criminal offence (see paras 34 & 36–38).
- D (3) The court found guidance in the case of *Public Prosecutor v Yew Yong Kong* [1953] 1 MLJ 15. The rationale for this was if indeed the goods or items were the subject matter of the offence, whether or not the possessor or owner (as the case may be) was the guilty party, he cannot have the offending goods back because the moment he received those goods, he
- E will be committing an offence contrary to the law under which the goods were seized in the first place (see paras 59 & 63).
- F (4) The court found that the learned sessions court judge had not erred in not returning the computers to the appellant. The computers were the hardware which utilised the software which were the infringed copies. The appellant was a company and there were more than two infringed copies of the same genus, negating any defence of domestic or private use. Without the computers, the infringed copies of the software were of no use. Hence the hardware, the means by which the infringed copy of the
- G software were utilised, was a necessary item for forfeiture (see para 74).

[Bahasa Malaysia summary]

- H Pada 7 Ogos 2018, pasukan pegawai dari Kementerian Perdagangan Dalam Negeri dan Hal Ehwal Pengguna yang diketuai oleh seorang pegawai dengan wakil syarikat pengadu telah ke premis perayu untuk melakukan serbuan. Wakil pengadu memeriksa komputer setelah kebenaran diberikan oleh pihak berkuasa. Tiga set komputer diperiksa dan wakil pengadu menyiapkan laporan awal. Ini dilakukan di bawah pengawasan kakitangan perayu. Komputer tersebut telah didapati tidak menggunakan salinan perisian asli dan berlesen
- I dan oleh itu telah didapati aduan pelanggaran hak cipta. Semua komputer ditandakan dan disita oleh pihak berkuasa. Laporan polis dibuat di Balai Polis Sri Lalang. Kemudian, komputer-komputer tersebut diambil untuk dianalisis dan didapati bahawa kelima-lima komputer tersebut mempunyai perisian yang melanggar hak cipta. Perayu melalui pengarah urusannya, mengaku bersalah

dan ketiga-tiga komputer itu masing-masing ditandai sebagai P14A, P14B dan P14C. Kemudiannya, hakim mahkamah sesyen telah menjatuhkan hukuman terhadap perayu di bawah s 41(1)(d) Akta Hak Cipta 1987 dan denda sebanyak RM4,000 untuk setiap salinan yang melanggar hak cipta dan mengarahkan komputer ('P14A, P14B, P14C') disita dan diserahkan kepada Kerajaan Malaysia. Oleh itu, rayuan ini diajukan ke mahkamah ini atas isu-isu berikut: sama ada hakim terpelajar itu betul dalam memerintahkan komputer ('P14A, P14B dan P14C') disita yang mana salinan perisian yang melanggar hak cipta dijumpai di dalamnya.

Diputuskan, rayuan ditolak dan mengekalkan sabitan dan denda oleh mahkamah sesyen:

- (1) Sebelum anggapan diguna pakai, ada syarat yang harus dipenuhi, tanpanya prinsip anggapan tidak boleh digunakan. Pertama, anggapan adalah boleh disangkal tetapi beban pembuktian terletak pada tertuduh untuk menunjukkan bahawa dia bertindak dengan niat baik dan tertuduh dan tidak mempunyai alasan yang munasabah untuk menganggap bahawa hak cipta akan atau mungkin dilanggar. Kedua, beban pembuktian adalah pada pembelaan untuk menunjukkan bahawa tertuduh telah bertindak dengan niat baik dan tidak mempunyai alasan yang munasabah untuk menganggap bahawa hak cipta atau hak pelaku akan atau mungkin dilanggar. Ketiga, beban pembuktian hanya boleh dilepaskan berdasarkan keseimbangan kebarangkalian (lihat perenggan 15 & 20 & 22–23).
- (2) Walaupun s 41(4) Akta Hak Cipta 1987 adalah 'klausula menganggap', undang-undang memperuntukkan bahawa ia boleh disangkal dan ini dilihat dari peruntukan 'melainkan jika dia membuktikan bahawa kesalahan itu telah dilakukan tanpa persetujuan atau pembiarannya dan bahawa dia telah menjalankan segala usaha wajar untuk menghalang pelakuan kesalahan itu'. Tujuan 'klausula menganggap' ini ialah, fakta asas haruslah dibuktikan dengan tanpa keraguan munasabah. Setelah fakta-fakta asas dibuktikan, 'otak' di belakang syarikat itu adalah 'pemain boneka' yang menggerakkan pelaku, termasuk sebarang kesalahan jenayah (lihat perenggan 34 & 36–38).
- (3) Mahkamah ini merujuk kes *Public Prosecutor v Yew Yong Kong* [1953] 1 MLJ 15. Rasional untuk ini adalah jika memang benar barang adalah perkara asas sesuatu kesalahan, sama ada pemiliknya adalah pihak yang salah, dia tidak boleh memperoleh kembali barang tersebut kerana ketika dia menerima barangan tersebut, dia akan menyalahi undang-undang yang membolehkan barang tersebut disita pada mulanya (lihat perenggan 59 & 63).
- (4) Mahkamah ini mendapati bahawa hakim mahkamah seksyen yang terpelajar tidak khilaf dengan tidak memulangkan barang yang disita

- A tersebut kepada perayu. Komputer-komputer tersebut mempunyai salinan perisian yang melanggar hak cipta. Perayu adalah sebuah syarikat dan terdapat lebih dua salinan perisian dari genus yang sama, yang mana ianya jelas bukan untuk kegunaan domestik atau kegunaan peribadi.
- B Tanpa komputer-komputer tersebut, salinan perisian tersebut tidak boleh dibuka. Oleh yang demikian, perisian tersebut yang mana berada di dalam komputer-komputer tersebut adalah barangan penting untuk tujuan penyitaan (lihat perenggan 74).]

Cases referred to

- C *a Company, Re* [1985] BCLC 333, CA (refd)
AG v Malta (App No 16641 of 90) (10 December 1991) (unreported) (refd)
Aspatra Sdn Bhd & 21 Ors v Bank Bumiputra Malaysia Bhd & Anor [1988] 1 MLJ 97; [1987] CLJ Rep 50, SC (refd)
Balachandran v PP [2005] 2 MLJ 301; [2005] 1 CLJ 85, FC (refd)
- D *Bates v United Kingdom* [1996] EHRLR 312 (refd)
Beresford v Royal Insurance Co Ltd [1938] AC 586, HL (refd)
Brown v Stott (Procurator Fiscal, Dunfermline) and another [2001] 2 All ER 97, PC (refd)
Brown v UK (2002) 35 EHRR 197 (refd)
- E *CBS United Kingdom Ltd v Lambert and another* [1982] 3 All ER 237, CA (refd)
Colburn v Patmore (1834) 1 Cr M & R 73 (refd)
Ebrahimi v Westbourne Galleries Ltd [1973] AC 360, HL (refd)
H v UK (App No 15023 of 89) (4 April 1990) (unreported) (refd)
- F *Heaney v Ireland* (2001) 33 EHRR 264 (refd)
Hoang v France [1992] 16 EHRR 53 (refd)
Holman v Johnson (1775) 1 Cowp 341 (refd)
Janosevic v Sweden (2004) 38 EHRR 473 (refd)
Jones and Another v Lipman and Another [1962] 1 All ER 442
- G *Lennard's Carrying Co Ltd v Asiatic Petroleum Co Ltd* [1915] AC 705 (folld)
McIntosh v Lord Advocate and another [2001] 3 WLR 107, PC (refd)
Muhammad Noor Redzuan bin Misran v Muhammad Amirul Hafiz bin Khairulazuin [2020] 10 MLJ 238; [2020] 5 CLJ 807, HC (refd)
National Coal Board v England [1954] AC 403, HL (refd)
- H *PP v Gan Boon Aun* [2017] 3 MLJ 12; [2017] 4 CLJ 41, FC (refd)
PP v Yew Yong Kong [1953] 1 MLJ 15 (folld)
PP v Yuvaraj [1969] 2 MLJ 89; [1968] 1 MLRA 606, PC (refd)
Porras v Netherlands (App No 49226 of 99) (18 January 2000) (unreported) (refd)
- I *R v Director of Public Prosecutions ex parte Kebilene* [1999] 3 WLR 972, HL (refd)
R v Lambert [2001] UKHL 37, HL (refd)
Salabiaku v France [1988] 13 EHRR 379 (refd)
Scott v Brown, Doering, McNab & Co; Slaughter & May v Brown, Doering,

- McNab & Co* [1892] 2 QB 724, CA (refd) A
Selvanayagam v UK (App No 57981/00) (12 December 2002) (unreported) (refd)
Smith v Jenkins (1970) 119 CLR 397, HC (refd)
Soon Chee Kong v PP [1951] 1 MLJ 86, CA (refd)
State v Coetzee and Others [1997] 2 LRC 593 (refd) B
Sweet v Parsley [1969] 1 All ER 347; [1970] AC 132, HL (refd)
Tan Sew Cheng v Worldwide Platinum Records Sdn Bhd [2020] MLJU 248; 2020 1 LNS 147, CA (refd)
Tay Bok Choon v Tahansan Sdn Bhd [1987] 1 MLJ 433; [1987] CLJ 24, PC (refd) C
Telfner v Austria (2002) 34 EHRR 207 (refd)

Legislation referred to

- Capital Markets and Services Act 2007
Companies Act 1965 s 218(1)(i) D
Copyrights Act 1987 ss 41, 41(1) (1)(a), (1)(b), (1)(c), (1)(d), (1)(e), (1)(f), (1)(i), 41(2), 41(4), 54, 54(1), (2), (3)
Criminal Procedure Code ss 406A, 416
Dangerous Drugs Act 1952 s 37(d)
Evidence Act 1950 ss 108, 106 E
Prevention of Corruption Act 1961 ss 3, 4
Securities Industry Act 1983 (repealed by Capital Markets And Services Act 2007) ss 86(b), 122, 122(1), 122B(a)(bb), 122C(c)
Trade and Customs Enactment No 80 s 39(i)(f) F
Anita Rajah (Gan & Zul) for the appellant.
Ashvini Thinakaran (Deputy Public Prosecutor, Ministry of Domestic Trade and Consumer Affairs) for the respondent.

Awang Armadajaya JC:

INTRODUCTION

[1] This is an appeal against the decision of the learned sessions court judge given on 4 July 2019 whereby the learned sessions court judge convicted the appellant under s 41(1)(d) of the Copyrights Act 1987 ('the Act') and fined the appellant RM4,000 for every infringed copy which is three months in default of fine and ordered for the forfeiture of the computers ('P14A, P14B, P14C') which used the infringed softwares. H

[2] The appellant was charged at the instance of the public prosecutor and the charge reads as follows: I

That you, as a company Syarikat Extreme Design & Associates Sdn Bhd (Company No 602793-U) on 7 August 2018 at about 3 pm at the premise of Syarikat Extreme

- A Design & Associates Sdn Bhd, No 10A-GB, Jalan Lambak, Block F, Medan Kota Johbase, 86000 Kluang, Johor Darul Takzim, has in your possession for use other than domestic and personal use, 5 copies of infringed copies of work of art in the form of computer programmes in the following computers:

B	No	Name of Computer Programmes	Reference number of computer	No of infringed copies
C	1	3ds Max 2014	ZB03	1
	2	AutoCAD 2010	ZB03	1
	3	AutoCAD 2014	ZB02	1
	4	AutoCAD Architechture 2013	ZB03	1
	5	AutoCAD Plant 3D 2011	ZB03	1

- D Where there exist copyrights which are still subsisting, belonging to Autodesk Inc a company incorporated in the State of Delaware, in the United States of America, whose headquarters is at No 111, McInnis Parkway, in the City of San Rafael, in the State of California, the United States of America, and you thereby committed an offence under section 41(1)(d) Copyrights Act 1987 which is punishable under section 41(1)(i) of the same Act.

- E [3] The appellant who was represented by one of the directors by the name of Mr Leow Kam Peng, pleaded guilty and after ascertaining that the appellant understood the nature and consequences of his plea and after being satisfied that the appellant admitted the facts and all exhibits tendered as true, the learned sessions court judge found the appellant guilty and convicted him thereof.

F THE BACKGROUND FACTS

- G [4] On 7 August 2018, at about 3pm, a team of officers from the Domestic Trade and Consumer Affairs Ministry led by an officer Mr Hasrel bin Ngaten, with a representative of the complainant's company went to the appellant's premise for a raid which is Extreme Design & Associates Sdn Bhd, No 10A-GB, Jalan Lambak, Block F, Medan Kota Johbase, 86000 Kluang, Johor Darul Takzim.

- H [5] When they arrived at the said premise, the raiding team introduced themselves to a chinese man by the name of Mr Leow Kam Peng who is the managing director of the company. The complainant's representative also examined the computers after permission was granted by the raiding party. The three sets of computer were examined and the complainant's representative prepared the initial report. These were done under the observations of the appellant's staff. The computers were not using the original, licensed copy of the software and hence the complaints of infringement of copyright.

- I [6] The softwares are as follows:

No	Name of Computer Programmes	Reference number of computer	No of infringed copies
1	3ds Max 2014	ZB03	1
2	AutoCAD 2010	ZB03	1
3	AutoCAD 2014	ZB02	1
4	AutoCAD Architechture 2013	ZB03	1
5	AutoCAD Plant 3D 2011	ZB05	1

[7] All the computers were marked ZB02, ZB03, ZB05 and were all seized by the raiding party. A police report was lodged at Sri Lalang Police Station and the reference number is Kluang Report 11609/18.

[8] The computers were taken for analysis and it was found that the five computers had the infringed softwares on them as tabulated above.

[9] The appellant through the managing director Mr Leong Kaw Peng, pleaded guilty and the three computers were marked as P14A, P14B and P14C respectively. After the learned sessions court judge convicted the appellant and handed down a fine in respect of each infringed copy as per the charges, the learned sessions court judge ordered that the three computers which were marked P14A, P14B and P14C to be forfeited to the Government of Malaysia.

THE ISSUE IN THIS APPEAL

[10] There is only one issue which is whether the learned sessions court judge was correct in ordering the forfeiture of the computers ('P14A, P14B and P14C') where the infringed copies were found.

[11] To begin with, the offence committed was under s 41(1)(d) of the Copyrights Act 1987 which is punishable under s 41(1)(i) of the same Act. I reproduced the provision for ease of reference.

41 Offences

(1) Any person who during the subsistence of copyright in a work or performers' right:

...

(d) has in his possession, custody or control, otherwise than for his private and domestic use, any infringing copy;

...

- A shall, unless he is able to prove that he had acted in good faith and had no reasonable grounds for supposing that copyright or performers' right would or might thereby be infringed, be guilty of an offence and shall on conviction be liable:
- (i) in the case of an offence under paragraphs (a) to (f), to a fine of not less than two thousand ringgit and not more than twenty thousand ringgit for each infringing copy, or to imprisonment for a term not exceeding five years or to both and for any subsequent offence, to a fine of not less than four thousand ringgit and not more than forty thousand ringgit for each infringing copy or to imprisonment for a term not exceeding ten years or to both;
- B
- C ...
- (2) For the purposes of paragraphs (1)(a) to (f), any person who has in his possession, custody or control three or more infringing copies of a work or recording in the same form shall, unless the contrary is proved, be presumed to be in possession of or to import such copies otherwise than for private or domestic use.
- D ...
- (4) Where an offence under this section is committed by a body corporate or by a person who is a partner in a firm, every director, chief executive officer, chief operating officer, secretary, manager or other similar officer of the body corporate or every other partner in the firm or was purporting to act in any such capacity or was in any manner or to any extent responsible for the management of the affairs of the body corporate or firm or was assisting in such management, as the case may be, shall be deemed to be guilty of the offence and may be charged severally or jointly in the same proceedings with the body corporate or firm unless he proves that the offence was committed without his consent or connivance and that he exercised all due diligence to prevent the commission of the offence.
- E
- F

[12] Under this provision of s 41(1)(d) of the Copyright Act 1987 ('Act 332') the offence is worded as follows: 'has in his possession, custody or control, otherwise than for his private and domestic use, any infringing copy'.

- G
- [13] The mens rea is presumed, with no doubt, a rebuttable presumption because of the phrase 'unless he is able to prove that he had acted in good faith and had no reasonable grounds for supposing that copyright or performers' right would or might thereby be infringed'.
- H
- [14] When it comes to rebuttable presumption, the principle of law is trite. Lord Hope then reviewed *Hoang v France* [1992] 16 EHRR 53, *H v UK* (App No 15023 of 89) (4 April 1990) (unreported); *AG v Malta* (App No 16641 of 90) (10 December 1991) (unreported); *Brown v UK* (2002) 35 EHRR 197; *Bates v United Kingdom* [1996] EHRLR 312; *Heaney v Ireland* (2001) 33 EHRR 264; *Telfner v Austria* (2002) 34 EHRR 207; *Porrás v Netherlands* (App No 49226 of 99) (18 January 2000) (unreported); *Selvanayagam v UK* (App No 57981/00) (12 December 2002) (unreported) and *Janosevic v Sweden* (2004) 38 EHRR 473, and held that the following principles could be derived
- I

from those cases:

21 From this body of authority certain principles may be derived. The overriding concern is that a trial should be fair, and the presumption of innocence is a fundamental right directed to that end. *The convention does not outlaw presumptions of fact or law but requires that these should be kept within reasonable limits and should not be arbitrary. It is open to states to define the constituent elements of a criminal offence, excluding the requirement of mens rea. But the substance and effect of any presumption adverse to a defendant must be examined, and must be reasonable. Relevant to any judgment on reasonableness or proportionality will be the opportunity given to the defendant to rebut the presumption, maintenance of the rights of the defence, flexibility in application of the presumption, retention by the court of a power to assess the evidence, the importance of what is at stake and the difficulty which a prosecutor may face in the absence of a presumption. Security concerns do not absolve member states from their duty to observe basic standards of fairness. The justifiability of any infringement of the presumption of innocence cannot be resolved by any rule of thumb, but on examination of all the facts and circumstances of the particular provision as applied in the particular case.*

[15] It is important to note that before a presumption is triggered, there are conditions to be fulfilled, failing which a presumption may not be invoked.

[16] The prosecution must prove all the conditions precedent of the presumption before the presumption under s 41(1) is triggered. They are:

- (a) the accused has in his possession, custody or control, copy(s) of computer programme;
- (b) this computer programme is not the work of the accused;
- (c) the computer programme is used, otherwise than for his private and domestic use;
- (d) the computer programme has copyright ascribed to anyone other than the accused;
- (e) the accused has not obtained from the owner of such copyright, any permit, licence or acquired any right to use the said computer programme; and
- (f) the computer programme is a reproduction of any work eligible for copyright under this Act the making of which constitutes an infringement of the copyright in the work or, in the case of any article imported into Malaysia without the consent of the owner of the copyright, the making of which was carried out without the consent of the owner of the copyright;

[17] Once the above have been fulfilled *in toto*, the presumption in the phrase 'unless he is able to prove that he had acted in good faith and had no

A reasonable grounds for supposing that copyright or performers' right would or might thereby be infringed' sets in.

[18] The issue of presumptions or reverse onus clause was discussed in *Public Prosecutor v Gan Boon Aun* [2017] 3 MLJ 12; [2017] 4 CLJ 41, The respondent and one Khiuddin ('Khiuddin'), both directors of Transmile Group Bhd, were charged at the sessions court with the commission of offences under the Securities Industry Act 1983 ('SIA') (since repealed by the Capital Markets and Services Act 2007). The principal charge was for making a misleading statement in a material particular in Transmile Group Bhd's report, thereby committing an offence under s 86(b) read together with s 122C(c) of the SIA, whilst the alternative charge was that Transmile Group Bhd had committed an offence when it, with intent to deceive, furnished a misleading statement to Bursa Malaysia Securities Bhd in Transmile Group Bhd's report and that the respondent and Khiuddin, as the directors, were deemed to have committed an offence under s 122B(a)(bb) read together with s 122(1) of the SIA. At the close of the prosecution's case, the trial court acquitted the respondent and Khiuddin of the principal charge but ordered their defence to be entered on the alternative charge. However, the respondent and Khiuddin raised the objection to the alternative charge, contending that it was unconstitutional and was therefore null and void by reason of the deeming provision in s 122.

[19] The Federal Court opined, inter alia:

...
[8] *In s 122(1), there was (i) a presumption that an offence against this Act or any regulation made thereunder committed by a body corporate is committed by any person who at the time of the commission of the offence was a director, a chief executive officer, an officer or a representative of the body corporate or was purporting to act in such capacity, and (ii) a reverse onus clause which imposed on that person the onus to prove that the offence was committed without his consent or connivance and that he exercised all such diligence to prevent the commission of the offence as he ought to have exercised, having regard to the nature of his functions in that capacity and to all the circumstances.*

...
[19] *There are exceptions to the general rule that an accused bears no onus of proof. Section 103 of the EA provides that 'the burden of proof as to any particular fact lies on that person who wishes the court to believe in its existence, unless it is provided by any law that the proof of that fact shall lie on any particular person'. Illustration (b) to s 103 specifically requires B, who 'wishes the court to believe that at the time in question he was elsewhere', to prove it. Section 103 of the EA requires a defence of alibi to be proved by the accused (see *Public Prosecutor v Azilah bin Hadri & Anor* [2015] 1 MLJ 617; [2015] 1 CLJ 579 and *Dato' Seri Anwar Ibrahim v Public Prosecutor* [2004] 1 MLJ 177; [2003] 4 CLJ 409, which effectively held, and we agree, that s 103 of the EA is the provision, not s 402A(2) of the CPC, that governs the defence of alibi; see also *Law of Evidence in Malaysia and Singapore* by Rafiah Salim at p 10, where the learned author commented, and we agree, that s 402A(2) of the CPC only deals*

with the procedure to be followed when the defence of alibi is introduced).

[20] Section 105 of the EA provides ‘when a person is accused of any offence, the burden of proving the existence of circumstances bringing the case within any of the general exceptions in the Penal Code, or within any special exception or proviso contained in any other part of the same Code, or in any law defining the offence, is upon him, and the court shall presume the absence of those circumstances’. Once the prosecution has made out a prima facie case, an accused has the onus to prove the special exception in the statute (*Abdul Razak bin Dalek v Public Prosecutor* [2010] 4 MLJ 725; [2010] 6 CLJ 357 at para 19 per Raus Sharif FCJ, as he then was, delivering judgment of the court) ‘on a balance of probabilities — see *Ikau Anak Mail v Public Prosecutor* [1973] 2 MLJ 153; [1973] 1 LNS 51’ (*Enthiran all Rajoo v Public Prosecutor* [2016] 1 MLJ 71; [2015] 8 CLJ 503 per Ahmadi Asnawi JCA, delivering the judgment of the court; see also *Abdul Aziz bin Miew Yiong v Public Prosecutor* [2015] 3 MLJ 556; [2014] 1 LNS 1875, *Rikky Purba v Public Prosecutor* [2014] 4 MLJ 569; [2014] 3 CLJ 607, *Sum Yat Loy lwn Pendakwa Raya* [2013] 4 MLJ 762; [2012] 1 LNS 438, *Chan Kwee Fong v Public Prosecutor* [2010] 1 MLJ 441; [2010] 3 CLJ 671, where in each of those appeals, the Court of Appeal held that an exception must be proved on a balance of probabilities, which is the position under common law — see also *Sheldrake v Director of Public Prosecutions; Attorney General’s Reference (No 4 of 2002)* [2005] 1 All ER 237 at para 4; in *Mrs Thitapha Charoenchuea lwn Pendakwa Raya* [2016] 6 MLJ 549; [2017] 1 CLJ 1, it was recently reaffirmed by the Federal Court per Arifin Zakaria CJ, delivering the judgment of the court, *that the presumption under s 37(d) of the Dangerous Drugs Act is to be rebutted on a balance of probabilities*).

[21] Section 106 of the EA *which provides* ‘when any fact is especially within the knowledge of any person, the burden of proving that fact is upon him’ is a further exception. ‘This enigmatic section is intended to address exceptional circumstances in which it would not be possible or particularly difficult for a party (‘the first party’) to prove a fact which is only known to the other party (‘the second party’), or which can be accessed by the second party with relative ease but cannot be accessed by the first party without considerable difficulty ... the courts have been particularly careful about ensuring that the accused is not required to disprove the elements of the offence on the basis that he is in a better position to know about the circumstances. For example, in *Mary Ng v R* [1958] AC 173 (which involved a charge of attempted cheating), the Privy Council advised that it was not for the appellant to prove that she had not acted deceitfully; rather it was for the prosecution to prove that she had so acted. In the more recent case of *PP v Chee Cheong Hin Constance* [2006] 2 SLR 24 at [95], VK Rajah J emphasised that s 108 (equipollent of s 106 of the EA) *does not impose any burden on the accused to prove that no crime was committed and cannot relieve the prosecution from its burden of proof. The scope of the section is ‘to certain exceptional cases where it would be impossible or at any rate disproportionately difficult for the prosecution to establish facts which are ‘especially’ or ‘particularly’ within the knowledge of the accused which an accused can prove without difficulty or inconvenience ... Before s 108 comes into operation, it must be shown that the facts are ‘especially within the knowledge of any person’. This may already be clear from the evidence before the court ... If the issue of knowledge of the facts is in dispute, then ... the plaintiff must establish prima facie that the facts were especially within the knowledge of the defendant ...*’ (para [12.031], [12.033], [12.037] *Evidence and the Litigation Process* (4th Ed), by Jeffrey Pinsler

A

B

C

D

E

F

G

H

I

- A SC) (see also p 3183, vol 3, *Woodroffe & Amir Ali Law of Evidence* (19th Ed)).
- [22] *A reverse onus clause, where an enactment provides that a particular fact is presumed or deemed to exist 'unless the contrary is proved', as in the Malaysian Anti-Corruption Commission Act 2009, Customs Act 1967, Police Act 1967, Arms Act 1960, and Dangerous Drugs Act 1952, to name just a few, is also an exception to the*
- B *general rule that an accused bears no onus of proof.*
- [20] First and foremost, it is a rebuttable presumption but the burden of proving that the accused acted in good faith and had no reasonable grounds for supposing that copyright or performers' right would or might thereby be
- C infringed.
- [21] In *Sweet v Parsley* [1969] 1 All ER 347 at pp 349–350; [1970] AC 132 at pp 148–149 Lord Reid stated that:
- D ... there has for centuries been a presumption that Parliament did not intend to make criminals of persons who were in no way blameworthy in what they did. That means that, whenever a section is silent as to mens rea, there is a presumption that, in order to give effect to the will of Parliament, we must read in words appropriate to require mens rea ... it is firmly established by a host of authorities that mens rea
- E is an essential ingredient of every offence unless some reason can be found for holding that that is not necessary.
- [22] Secondly, the burden is on defence to show that the accused had acted in good faith and had no reasonable grounds for supposing that copyright or
- F performers' right would or might thereby be infringed.
- [23] Thirdly, the burden may only be discharged on the balance of probabilities.
- G [24] In *Public Prosecutor v Yuvaraj* [1969] 2 MLJ 89; [1968] 1 MLRA 606, the Privy Council, through the learned judgment of Lord Diplock,
- H In the result upon the true construction of the Evidence Ordinance and the Prevention of Corruption Act 1961, there is, in their Lordships' view, no relevant difference between the two descriptions of the burden of rebutting the presumption of corruption which are contained in the question reserved for the consideration of the Federal Court, if the expression in the first part of the question: 'the burden of rebutting this presumption can be said to be discharged by a defence as being reasonable and probable' is understood as meaning 'the burden of rebutting such presumption is discharged if the court considers that on the balance of probabilities
- I the gratification was not paid or given and received corruptly as an inducement or reward as mentioned in 3 or 4 of the Prevention of Corruption Act 1961.
- [25] In *McIntosh v Lord Advocate and another* [2001] 3 WLR 107 Lord Bingham of Cornhill recently referred to the judgment of Justice Sachs of the

South African Constitutional Court in *State v Coetzee and Others* [1997] 2 LRC 593. It is worth setting out the eloquent explanation by Justice Sachs (at pp 677–678 (para 220)) of the significance of the presumption of innocence in full:

There is a paradox at the heart of all criminal procedure, in that the more serious the crime and the greater the public interest in securing convictions of the guilty, the more important do constitutional protections of the accused become. The starting point of any balancing enquiry where constitutional rights are concerned must be that the public interest in ensuring that innocent people are not convicted and subjected to ignominy and heavy sentences, massively outweighs the public interest in ensuring that a particular criminal is brought to book ... Hence the presumption of innocence, which serves not only to protect a particular individual on trial, but to maintain public confidence in the enduring integrity and security of the legal system. Reference to the prevalence and severity of a certain crime therefore does not add anything new or special to the balancing exercise. The perniciousness of the offence is one of the givens, against which the presumption of innocence is pitted from the beginning, not a new element to be put into the scales as part of a justificatory balancing exercise. If this were not so, the ubiquity and ugliness argument could be used in relation to murder, rape, car-jacking, housebreaking, drug-smuggling, corruption the list is unfortunately almost endless, and nothing would be left of the presumption of innocence, save, perhaps, for its relic status as a doughy defender of rights in the most trivial of cases.

[26] The European Court of Human Rights in *Salabiaku v France* [1988] 13 EHRR 379 at 388 (para 28) ruled as follows:

Presumptions of fact or of law operate in every legal system. Clearly the convention does not prohibit such presumptions in principle. It does, however, require the contracting states to remain within certain limits in this respect as regards criminal law. Article 6(2) does not therefore regard presumptions of fact or of law provided for in the criminal law with indifference. It requires states to confine them within reasonable limits which take into account the importance of what is at stake and maintain the rights of the defence.

[27] Lord Steyn in *R v Lambert* [2001] UKHL 37 has this to say:

37. That is, however, not the end of the matter. The burden is on the state to show that the legislative means adopted were not greater than necessary. Where there is objective justification for some inroad on the presumption of innocence the Legislature has a choice. The first is to impose a legal burden of proof on the accused. If such a burden is created the matter in question must be taken as proved against the accused unless he satisfies the jury on a balance of probabilities to the contrary: *The Eleventh Report* of the Cr LRC, para 138. The second is to impose an evidential burden only on the accused. If this technique is adopted the matter must be taken as proved against the accused unless there is sufficient evidence to raise an issue on the matter but, if there is sufficient evidence, then the prosecution have the burden of satisfying the jury as to the matter beyond reasonable doubt in the ordinary way: *The Eleventh Report* of the Cr LRC, para 138. It is important to bear

- A in mind that it is not enough for the defence merely to allege the fact in question: the court decides whether there is a real issue on the matter: The Eleventh Report of the Cr LRC, para 138. A transfer of a legal burden amounts to a far more drastic interference with the presumption of innocence than the creation of an evidential burden of the accused. The former requires the accused to establish his innocence.
- B It necessarily involves the risk that, if the jury are faithful to the judge's direction, they may convict where the accused has not discharged the legal burden resting on him but left them unsure on the point. This risk is not present if only an evidential burden is created.
- C 38. The principle of proportionality requires the House to consider whether there was a pressing necessity to impose a legal rather than evidential burden on the accused ...
- D [28] In *R v Director of Public Prosecutions ex parte Kebilene* [1999] 3 WLR 972 at p 997, Lord Hope had expressed a similar view that there is no prohibition against reverse onus clauses, be it as to fact or law:
The cases show that, although Art 6(2) is in absolute terms, it is not regarded as imposing an absolute prohibition on reverse onus clauses, whether they be evidential (presumptions of fact) or persuasive (presumptions of law). In each case the question will be whether the presumption is within reasonable limits.
- E (the above passage was cited with approval by the Privy Council in *Brown v Stott (Procurator Fiscal, Dunfermline) and another* [2001] 2 All ER 97).
- F [29] Likewise, there is a presumption that when there are three or more infringed copies of the copyrighted material and this is found in s 41(2) which reads 'For the purposes of paragraphs (1)(a) to (1)(f), any person who has in his possession, custody or control three or more infringing copies of a work or recording in the same form shall, unless the contrary is proved, be presumed to be in possession of or to import such copies otherwise than for private or domestic use'.
- G
- [30] The application of the presumption shall be as follows:
- H (a) this presumption is applicable s 41(1)(a) to (1)(f);
- (b) any person who has in his possession, custody or control of the infringed copy;
- (c) three or more infringing copies of a work or recording in the same form;
- I (d) it shall, attract the presumption of being in possession of or to import such copies; and
- (e) the infringed copies are otherwise than for private or domestic use.

[31] This presumption is also a rebuttable presumption because of the phrase ‘unless the contrary is proved’. Likewise, apart from the fact that it is a rebuttable presumption, the burden is also on the balance of probability or in the words of Lord Diplock, ‘the burden of rebutting this presumption can be said to be discharged by a defence as being reasonable and probable’ (see *Public Prosecutor v Yuvaraj* [1969] 2 MLJ 89; [1968] 1 MLRA 606).

A

B

[32] The third matter which is a ‘deeming clause’ in s 41(4) reads as follows: ‘Where an offence under this section is committed by a body corporate or by a person who is a partner in a firm, every director, chief executive officer, chief operating officer, secretary, manager or other similar officer of the body corporate or every other partner in the firm or was purporting to act in any such capacity or was in any manner or to any extent responsible for the management of the affairs of the body corporate or firm or was assisting in such management, as the case may be, *shall be deemed to be guilty* of the offence and may be charged severally or jointly in the same proceedings with the body corporate or firm *unless he proves that the offence was committed without his consent or connivance and that he exercised all due diligence to prevent the commission of the offence*’.

C

D

E

[33] This ‘deeming clause’ is that where the offence is committed by a body corporate or by a person who is a partner in a firm then it is deemed that every director, chief executive officer, chief operating officer, secretary, manager or other similar officer of the body corporate or every other partner in the firm or was purporting to act in any such capacity or was in any manner or to any extent responsible for the management of the affairs of the body corporate or firm or was assisting in such management, as the case may be, is guilty of the offence and may be charged severally or jointly in the same proceedings with the body corporate or firm.

F

G

[34] Although this is a ‘deeming clause’, the law provides that it is rebuttable and this is seen from the phrase ‘unless he proves that the offence was committed without his consent or connivance and that he exercised all due diligence to prevent the commission of the offence’.

H

[35] A similar issue was argued in in *Public Prosecutor v Gan Boon Aun* [2017] 3 MLJ 12; [2017] 4 CLJ 41, where the Federal Court ruled that,

I

[48] The following statements/guidelines/principles, those pertinent to the instant reference, could be distilled from *R v Lambert*, *R v Johnstone*, *Sheldrake v Director of Public Prosecutions* (HL) and the cases there cited:

- (a) presumptions of fact or of law operate in every legal system;
- (b) it is open to states to define the constituent elements of an offence, even to exclude the requirement of mens rea;

- | | |
|----------|--|
| A | (c) when a section is silent as to mens rea, there is a presumption that mens rea is an essential ingredient: The more serious the crime, the less readily will that presumption be displaced; |
| B | (d) the overriding concern is that a trial should be fair: The presumption of innocence is a fundamental right directed to that end; |
| C | (e) there is no prohibition against presumptions in principle, but the principle of proportionality must be observed. A balance must be struck between the general interest of the community and the protection of Fundamental Rights. The substance and effect of presumptions adverse to an accused must not be greater than is necessary and must be reasonable; |
| D | (f) the test to be applied is whether the modification or limitation pursues a legitimate aim and whether it satisfies the principle of proportionality; |
| E | (g) reasonable limits take into account the importance of what is at stake and maintain the rights of the defence; |
| F | (h) the mischief at which the Act is aimed and the ease or difficulty that the respective parties would encounter in discharging the burden are important factors; |
| G | (i) it is justified to make it for the accused to prove matters which the prosecution would be highly unlikely to be able to know and which it might be difficult, if not impossible for them to rebut; |
| H | (j) relevant to reasonableness or proportionality will be the opportunity given to the defendant to rebut the presumption, maintenance of the rights of the defence, flexibility in application of the presumption, retention by the court of a power to assess the evidence, the importance of what is at stake and the difficulty which a prosecutor may face in the absence of a presumption; |
| I | (k) the test depends upon the circumstances of the individual case. The justifiability of any infringement of the presumption of innocence cannot be resolved by any rule of thumb, but on examination of all the facts and circumstances of the particular provision as applied in the particular case; |
| J | (l) the task of the court is never to decide whether a reverse burden should be imposed on a defendant, but always to assess whether a burden enacted by Parliament unjustifiably infringes the presumption of innocence; and |
| K | (m) security concerns do not absolve member states from their duty to observe basic standards of fairness. |

[36] It must be remembered that the ‘deeming clause’ does not appear in thin air, by conjuring of spirits of incantation of magic spells. It is not the ‘something that comes out from nothing’ concept.

[37] The underlying premise is that, there are basic facts which must be proved by evidence beyond all reasonable doubt. These basic facts are that:

- (a) the company committed any offence under s 41(1) of the Copyright Act 1987. Keeping in mind, in Malaysia, it has been ruled that 'As the accused can be convicted on the prima facie evidence it must have reached a standard which is capable of supporting a conviction beyond reasonable doubt. However it must be observed that it cannot, at that stage, be properly described as a case that has been proved beyond reasonable doubt' (per His Lordship Justice Augustine Paul in *Balachandran v Public Prosecutor* [2005] 2 MLJ 301; [2005] 1 CLJ 85); and A
- (b) the company has its board of directors or management team which runs the company's affairs and determines her actions. B
- C

[38] Once these primary facts have been proven, the 'brain' behind the company is the 'puppet master' that moves the company in the direction that it did, including any criminal offence. D

[39] Lord Wilberforce in *Ebrahimi v Westbourne Galleries Ltd* [1973] AC 360 and quoted with approval by the Privy Council in *Tay Bok Choon v Tahansan Sdn Bhd* [1987] 1 MLJ 433; [1987] CLJ 24 when commenting on the words 'just and equitable' in s 218(1)(i) of the Companies Act 1965. Those words '... are a recognition of the fact that a limited company is more than a mere legal entity, with a personality in law of his own: that there is room in Company law for recognition of the fact that behind it, or amongst it, there are individuals, with rights, expectations and obligations inter se which are not necessarily submerged in the company structure'. E

[40] The court would generally lift the corporate veil in order to justice particularly when an element of fraud is involved although the consequences of lifting the veil would vary according to the circumstances of each case. Sometimes the consequences may be in favour of the companies and yet at another time they may be against them (see *Palmers Company Law by Schmitthoff* (23rd Ed) Vol I at p 210). F

[41] Particularly instructive is the case of *Lennard's Carrying Co Ltd v Asiatic Petroleum Co Ltd* [1915] AC 705, a ship and her cargo were lost due to unseaworthiness. The owners of the ship were a limited company. This company was managed by another limited company whose managing director, one Mr Lennard, managed the ship on behalf of the owners. He knew of the ship's unseaworthiness but took no steps to prevent the ship from pulling to sea. The owners of the ship claimed that they were not liable for Mr Lennard's fault. Lord Chancellor Viscount Haldane, in his judgment at p 718 said: G

My Lords, a corporation is an abstraction. It has no mind of its own any more than it has a body of its own; its active and directing will must consequently be sought in H

I

- A the person of somebody who for some purposes may be called an agent, but who is really the directing mind and will of the corporation, the very ego and centre of the personality of the corporation. That person may be under the direction of the share-holders in general meeting; that person may be the board of directors itself, or it may be, and in some companies it is so, that that person has an authority
- B co-ordinate with the board of directors given to him under the articles of association and is appointed by the general meeting of the company, and can only be removed by the general meeting of the company. My Lords, whatever is not known about Mr Lennard's position, this is known for certain, Mr Lennard took the active part in the management of this ship on behalf of the owners, and Mr Lennard, as I have said,
- C was registered as the person designated for this purpose in the ship's register. Mr Lennard therefore was the natural person to come on behalf of the owners and give full evidence not only about the events of which I have spoken, and which related to the seaworthiness of the ship, but about his own position and as to whether or not he was the life and soul of the company. For if Mr Lennard was the directing mind of the company, then his action must, unless a corporation is not to be liable at all, have been an action which was the action of the company itself within the meaning of s 502.
- D

[42] In the headnote of *CBS United Kingdom Ltd v Lambert and another* [1982] 3 All ER 237 it was held that:

- E In the circumstances it was a clear case for the court to order discovery of assets and delivery up pending trial of a particular kind of asset because there was reason to believe that the defendant had put such profits as he had made from infringing the plaintiffs' copyrights into easily removable and disposable chattels such as motor vehicles, and, since he claimed to be unemployed, there was no reason to think that
- F he used the motor vehicles for the purposes of earning his living or that he and his wife would suffer hardship if an order for their delivery up were made. Moreover, the possibility of self-incrimination on the charge of handling stolen property was not in the circumstances a bar to ordering discovery. It followed therefore that the court would allow the appeal, grant the order sought and order the defendant and his wife to disclose the value, nature and whereabouts of their assets, including bank and other accounts, and to deliver up, pending trial, the motor vehicles in their possession, to be kept in a garage chosen by the plaintiffs' solicitors.
- G

- H [43] As stated by Lord Justice Cunnings-Bruce in *Re a Company* [1985] BCLC 333, where the English Court had lifted the veil in a *Mareva* situation:

In our view before and after *Wallersteiner v Moir* [1974] 1 WLR 991 *show that the court will use its powers to pierce the corporate veil if it is necessary to achieve justice irrespective of the legal efficacy of the corporate structure under consideration.*

- I [44] The Federal Court in *Aspatra Sdn Bhd & 21 Ors v Bank Bumiputra Malaysia Bhd & Anor* [1988] 1 MLJ 97; [1987] CLJ Rep 50 has this to say, *inter alia*:

On the evidence before him, we do not think that the learned judge was wrong in law in piercing the corporate veil of the appellants. The secret profits received by

- Lorrain were not denied on affidavit evidence; only the legal capacity under which Lorrain had received them was being contested. There was admittedly an element of fraud in the receipt of the secret profits whatever might be the capacity in which Lorrain had received them. In our view, this is sufficient for the court to lift the corporate veil for the purpose of determining whether the assets of the companies are really owned by them as envisaged in *Salomon v Salomon* [1827] AC 22 and s 16(5) of the Companies Act, and not merely an abuse of the statutory principle of the companies being separate legal entities from their shareholders and directors. A
- [45] In *Jones and Another v Lipman and Another* [1962] 1 All ER 442, Justice Russel in his judgement said: B
- The defendant company is the creature of the defendant, a device and a sham, a mask which he holds before his face in an attempt to avoid recognition by the eye of equity ... an equitable remedy is rightly to be granted directly against the creature in such circumstances. D
- [46] Hence the 'deeming clause' of s 41(4) of the Copyright Act 1987 is only the application of the doctrine of lifting the veil (or in some jurisdictions, is known as 'piercing the veil') that had enshrouded the 'real players' behind the curtains or borrowing the words of Viscount Haldane in *Lennard's Carrying Co*: 'its active and directing will must consequently be sought in the person of somebody who for some purposes may be called an agent, but who is really the directing mind and will of the corporation, the very ego and centre of the personality of the corporation' or in the world of puppets, 'the marionette master'. E F
- [47] The prosecution may deploy these in their cases under s 41 of the Copyright Act 1987.
- [48] Once convicted, the sentence provided by law is 'in the case of an offence under paragraphs (a) to (f) , to a fine of not less than two thousand ringgit and not more than twenty thousand ringgit for each infringing copy, or to imprisonment for a term not exceeding five years or to both and for any subsequent offence, to a fine of not less than four thousand ringgit and not more than forty thousand ringgit for each infringing copy or to imprisonment for a term not exceeding ten years or to both'; G H
- [49] Then there is the forfeiture clause which is provided for under s 54 of the Act which is reproduced for ease of reference. I
- 54 Forfeiture of articles
- (1) Any article, vehicle, book, document, copy or contrivance seized pursuant to this Act shall be liable to forfeiture.

- A** (2) The court trying any person accused of an offence under this Act may at the conclusion of the trial, whether he is convicted or not, order that article, vehicle, book, document, copy or contrivance seized from that person be disposed of or in the case of infringing copies, be delivered up to the first owner of the copyright in question, his assignee or exclusive licensee, as the case may be.
- B** (3) *Where there is no prosecution with regard to any article, vehicle, book, document, copy or contrivance seized* in exercise of any powers conferred under this Act, the same shall be taken and deemed to be forfeited at the expiration of one calendar month from the date it was seized unless a claim thereto is made before that date in the manner hereinafter set forth.
- C** (4) Any person asserting that he is the owner of any article, vehicle, book, document, copy or contrivance seized under this Act and that the same are not liable to forfeiture may personally or by his agent authorized in writing by him give written notice to an Assistant Controller of his claim.
- D** (5) On receipt of a notice under subsection (4), the Assistant Controller shall refer the notice to the Controller who may, after such enquiry as may be necessary, direct that such article, vehicle, book, document, copy or contrivance be released or forfeited or refer the matter to the court for decision.
- E** (6) The court which the matter is referred shall issue a summons requiring the person asserting that he is the owner of the article, vehicle, book, document, copy or contrivance and the person from whom they were seized to appear before it and upon his appearance or default to appear, due service of the summons being proved, the court shall proceed to the examination of the matter and on proof that an offence under this Act or subsidiary legislation made thereunder has been committed and that such article, vehicle, book, document, copy or contrivance was the subject matter or was used in the commission of such offence, shall order the same to be forfeited or may, in the absence of such proof, order the release of such article, vehicle, book, document, copy or contrivance to the person entitled to it.
- G** (7) Any article, vehicle, book, document, copy or contrivance forfeited or deemed to be forfeited shall be delivered to the Controller who shall dispose of it in a manner he deems fit or deliver it up to the first owner of copyright in question, his assignee or exclusive licensee, as the case may be.
- H**

[50] Section 54(1) of the Act empowers the court to forfeit the items seized.

- I** [51] However there are certain conditions precedent before this power may be exercised. They are:
- (a) it must any article, vehicle, book, document, copy or contrivance;
 - (b) these seized pursuant to this Act; and

(c) shall be liable to forfeiture.

A

[52] However, there are two types of forfeiture, which are

(a) forfeiture of article, vehicle, book, document, copy or contrivance which is the subject matter of prosecution pursuant to an offence under this Act, whether the prosecution succeeded in securing a conviction or otherwise; and

B

(b) forfeiture of article, vehicle, book, document, copy or contrivance which is seized under the Act but is not the subject matter of prosecution pursuant to an offence under this Act.

C

[53] In respect of category (i), s 54(2) of the Act is applicable while s 54(3) is applicable where there is no prosecution of the case.

D

[54] Apart from that, the general provisions of the Criminal Procedure Code ('the Code') is applicable for the purpose of forfeiture which is found from ss 406A until 416. I shall not dwell with the procedures under the Code.

[55] Section 54(2) provides that 'The court trying any person accused of an offence under this Act may at the conclusion of the trial, whether he is convicted or not, order that article, vehicle, book, document, copy or contrivance seized from that person be disposed of or in the case of infringing copies, be delivered up to the first owner of the copyright in question, his assignee or exclusive licensee, as the case may be'.

E

F

[56] There are several principles of law that we may derived from the above provision which are:

(a) the court trying any person accused of an offence under the Copyright Act 1987 has the power to make the order pursuant to this provision;

G

(b) forfeiture may be order of article, vehicle, book, document, copy or contrivance seized from the accused person;

(c) the order for forfeiture may be made regardless of whether the accused has been convicted or otherwise;

H

(d) the article, vehicle, book, document, copy or contrivance must be items that offended any provision of the Copyright Act 1987 no matter that the item is an infringed copy or machine or contrivance or anything by which an infringed copy (contrary to the Copyright Act 1987) is made, or packed, or in anyway, facilitate the commission of the offence under the Copyright Act 1987;

I

- A (e) the forfeiture may either be for the purpose of disposal or delivery to the owner of the copyright which was violated, or his assignee or his exclusive licensee (as the case may be);
- B (f) in the event that it is not possible to deliver the item to the owner of the copyright which was violated, or his assignee or his exclusive licensee (as the case may be), or that it would incur unnecessary expenses or delay on the part of the government, the court may order for the disposal of such item; and
- C (g) the court may not return such infringed copy to the accused person no matter the accused person has been convicted of any offence under the Act or not.

D [57] Section 54(3) of the Act is only applicable for cases where there is no prosecution of any offence under the Act. I shall not dwell with that part of the law because it is of no application in our instant case.

E [58] I take note that this is a case where the accused person has been found guilty and convicted. Hence s 54(2) of the Act is applicable.

F [59] I find guidance in the case of *Public Prosecutor v Yew Yong Kong* [1953] 1 MLJ 15, the facts were that Yew Yong Kong was charged with knowingly concerned in conveying uncustomed goods in van SA 8445 with intent to defraud the government of duties thereon, an offence punishable under s 39(i)(f) of the Trade and Customs Enactment No 80. The offence is alleged to have been committed on 19 March 1951, on which date the van was seized. Yew Yong Kong was convicted and fined \$17,000 and ordered to undergo 12 months rigorous imprisonment in default. On 20 November and the 19 December 1951, an enquiry was held by the learned magistrate in which the said firm, being the owners of the van, was asked to show cause why it should not be confiscated. On 9 April 1952 the learned magistrate ordered that the van be returned to the owners. His Lordship Justice Buhagiar succinctly put it, *inter alia*,

H *In cases where the person convicted of an offence under the Trade and Customs Enactment is also the owner of the vehicle used in the removal of goods liable to forfeiture, and there is no question of any other person being interested in the vehicle the court would make an order of forfeiture of such vehicle.* In cases where the court considers that some person who has not connived in or facilitated the offence may be interested in the vehicle seized, then the court should refrain from making any order and let such person exercise his rights by making a claim as provided in s 35(i) of the Enactment.

I Under the provisions of s 34 such vehicle is to be taken to be forfeited and condemned unless the owner gives notice in writing as provided in that section. In view of the provisions of this section the Court would be exceeding its powers by holding an enquiry.

[60] In *Yew Yong Kong* His Lordship is of the view that it is open to some person '*who has not connived in or facilitated the offence*' may be interested in the vehicle seized', may make the claim for the vehicle seized A

[61] In *Soon Chee Kong v Public Prosecutor* [1951] 1 MLJ 86 the Court of Appeal of the Federation of Malaya, His Lordship Chief Justice (Malaya) Foster Sutton, delivering judgment said: B

In our opinion once it has been proved to the satisfaction of a Magistrate that an offence against the Customs Enactment has been committed and that the goods were the subject matter of or were used in the commission of the offence, there are only two courses open to him under sub-section (ii) of s 106 of the Enactment; firstly to make an order that the goods be forfeited; or secondly to abstain from making any order. C

[62] His Lordship, Chief Justice Forster Sutton hold that for goods which are the subject matter of the offence committed, must either be forfeited or no order be made. D

[63] The rationale for this is if indeed the goods or items are the subject matter of the offence, whether or not the possessor or owner (as the case may be) is the guilty party, he cannot have the offending goods back because the moment he receives those goods, he will be committing an offence contrary to the law under which the goods were seized in the first place. A similar situation arises where a person has been charged for the theft of a motorcycle. Whether the person so indicted has been convicted or otherwise of the larceny of the motorcycle, is a different issue. What matters is that if it is proven that the motorcycle is either not his or that he has no right to have possession of it, the motorcycle cannot be returned to him. To do so, would be to perpetuate the thievery of the said motorcycle and the vicious cycle of rewarding a person for a crime or for him to enjoy the proceeds of the crimes. This goes against the very grain of criminal law that a man cannot be rewarded for committing a crime and a maxim to the effect is '*ex turpi causa non oritur actio*'. E F G

[64] Almost two centuries ago, Lord Lyndhurst CB held in the case of *Colburn v Patmore* (1834) 1 Cr M & R 73, at p 83: H

I know of no case in which a person who has committed an act, declared by the law to be criminal, has been permitted to recover compensation against a person who has acted jointly with him in the commission of the crime. It is not necessary to give opinion on the point; but I entertain little doubt that a person who is declared by the law to be guilty of a crime cannot be allowed to recover damages against another who has participated in its commission. I

[65] I find the views of learned authors are on the same line, who among others is found in *MacGillivray on Insurance Law* (11th Ed) at p 356 and they

A have this to say:

The courts will not permit a person to enforce his rights under a contract of any kind if it is tainted by illegality. This principle of public policy is expressed in the familiar Latin maxim *ex turpi causa non oritur actio* (an action does not arise from a base cause). Although this maxim is lacking in precise legal definition, it is reflected in two rules affecting the enforceability of rights under contracts of insurance. First, a claim is unenforceable when the grant of relief to the plaintiff would enable him to benefit from his criminal conduct. Secondly, a claim is unenforceable when the plaintiff either has to found his claim on an illegal contract or to plead its illegality in order to support his claim. Once a court has determined that one or other rule applies to the facts of a given case, it has no discretion whether to apply the rule depending upon the degree to which the plaintiff has affronted the public conscience.

[66] In *National Coal Board v England* [1954] AC 403, Lord Asquith said:
D If two burglars, A and B, agree to open a safe by means of explosives, and A so negligently handles the explosive charge as to injure B, B might find some difficulty in maintaining an action for negligence against A.

[67] Dr Poh Chu Chai, in the *Principles of Insurance Law* (6th Ed) at p 776 explained as follows:
E The rationale behind the rule of public policy is that the law is reluctant to render its assistance to a person who commits a criminal offence to obtain a benefit or to enforce a right arising from his unlawful conduct.

[68] In the House of Lord's case of *Beresford v Royal Insurance Co Ltd* [1938] AC 586 which quotes the words of Lord Macmillan who observed:
F I feel the force of the view that to increase the estate which a criminal leaves behind him is to benefit him. To enforce payment in favour of the assured's representative would be to give him a benefit, albeit in a sense a post-mortem benefit, the benefit, namely, of having his last and criminal act provided for his relatives or creditors. And no criminal can be allowed to benefit who.
G

[69] In *Smith v Jenkins* (1970) 119 CLR 397. A passenger was injured by the driver of a stolen car which he and the driver had stolen as part of a joint enterprise. The High Court was unanimous in concluding that the plaintiff could not recover. Justice Windeyer, giving a judgment which was approved by a majority of the other judges of the court, formulated the relevant principle as follows:
H

I If two or more persons participate in the commission of a crime, each takes the risk of the negligence of the other or others in the actual performance of the criminal act. That formulation can be regarded as founded on the negation of duty, or on some extension of the rule *volenti non fit injuria*, or simply on the refusal of the courts to aid wrongdoers. How it be analysed and explained matters not.

[70] Lord Justice Lindley in *Scott v Brown, Doering, McNab & Co; Slaughter & May v Brown, Doering, McNab & Co* [1892] 2 QB 724 observed as follows:

Ex turpi causa non oritur actio. This old and well-known legal maxim is founded in good sense, and expresses a clear and well-recognised legal principle, which is not confined to indictable offenses. No court ought to enforce an illegal contract or allow itself to be made the instrument of enforcing obligations alleged to arise out of a contract or transaction which is illegal, if the illegality is duly brought to the notice of the court, and if the person invoking the aid of the court is himself implicated in the illegality. It matters not whether the defendant has pleaded the illegality or whether he has not. If the evidence adduced by the plaintiff proves the illegality the court ought not to assist him. If authority is wanted for this proposition, it will be found in the well-known judgment of Lord Mansfield in *Holman v Johnson* (Cowp 343).

[71] Her Ladyship, Justice Mary Lim, speaking for the Court of Appeal in *Tan Sew Cheng v Worldwide Platinum Records Sdn Bhd* [2020] MLJU 248; 2020 1 LNS 147 has this to say, inter alia:

It would seem to us that if that payment of SGD1,362,850.00, paid by the respondent to Noble Mettle under its agreement with Noble Mettle was in any way contrary to any of those laws mentioned, then surely any refund would similarly suffer the same fate under the principle of *ex turpi causa non oritur actio* and that the respondent may possibly be in *pari delicto* to the illegality or wrongful act, or at the very least, this issue warrants further examination.

[72] In *Holman v Johnson* (1775) 1 Cowp 341 the Lord Chief Justice, Lord Mansfield set out the rationale for the illegality doctrine:

The objection, that a contract is immoral or illegal as between plaintiff and defendant, sounds at all times very ill in the mouth of the defendant. It is not for his sake, however, that the objection is ever allowed; but it is founded in general principles of policy, which the defendant has the advantage of, contrary to the real justice, as between him and the plaintiff, by accident, if I may say so. The principle of public policy is this; ex dolo malo non oritur actio ('no action arises from deceit'). No court will lend its aid to a man who founds his cause of action upon an immoral or an illegal act. If, from the plaintiff's own standing or otherwise, the cause of action appears to arise ex turpi causa ('from an immoral cause'), or the transgression of a positive law of this country, there the court says he has no right to be assisted. It is upon that ground the court goes; not for the sake of the defendant, but because they will not lend their aid to such a plaintiff. So if the plaintiff and defendant were to change sides, and the defendant was to bring his action against the plaintiff, the latter would then have the advantage of it; for where both were equally in fault, potior est conditio defendentis ('stronger is the position of the defendant'). (Emphasis added.)

[73] The High Court in *Muhammad Noor Redzuan bin Misran v Muhammad Amirul Hafiz bin Khairulazuin* [2020] 10 MLJ 238; [2020] 5 CLJ 807 in not so many words, said this '... the law cannot protect one who has no regard of the law'.

- A [74] Having analysed the authorities through time, I find that the learned sessions court judge, in our instant case, cannot return the computers (P14A, P14B, and P14C) to the appellant. The computers are the hardware which utilised the software which are the infringed copies. I also take note that the appellant is a company and there are more than two infringed copies of the same genus, negating any defence of domestic or private use. Without the computers, the infringed copies of the software are of no use. Hence the hardware, the means by which the infringed copy of the software are utilised, is a necessary item for forfeiture. To return the computers would be to allow further possible violations of the Copyright Act 1987 or in the words of Lord Lyndhurst, ‘... I entertain little doubt that a person who is declared by the law to be guilty of a crime cannot be allowed to recover damages against another who has participated in its commission’.
- B
- C

CONCLUSION

- D [75] Having perused over the grounds of judgment of the learned sessions court judge and the appeal records as well as written submissions of parties as well as the oral submissions, I find no error on the part of the learned sessions court judge that warrants appellate intervention.
- E [76] For the reasons aforesaid, I dismiss this appeal and I confirm the convictions and fines imposed, and I uphold the decision of the learned sessions court judge who ordered the forfeiture of the computers (P14A, P14B, P14C).
- F

Appeal dismissed and convictions and fines imposed by the sessions court affirmed.

Reported by Muhamad Azham Marwan

G

H

I